

Message Text

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64

ACTION EUR-08

INFO OCT-01 SS-14 ISO-00 EA-06 NSC-05 NSCE-00 INR-05

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AMEMBASSY TOKYO

C O N F I D E N T I A L EC BRUSSELS 10810

LIMDIS

E.O. 11652: GDS

TAGS: EEC, UK

SUBJECT: UK FINANCIAL SITUATION

REF: (A) EC BRUSSELS 10289, (B) EC BRUSSELS 9905

1. WHEN I ASKED COMMISSIONER GUNDELACH NOVEMBER 4 ABOUT COMMISSION THING CONCERNING THE UK FINANCIAL SITUATION, HE REPLIED THAT WHILE BRITISH SITUATION WAS BEING KEPT UNDER CAREFUL REVIEW AND WOULD BE DISCUSSED AT NEXT FINANCE MINISTERS MEETING, CONSENSUS IN COMMISSION WAS THAT LENDING REQUIREMENTS WERE SO LARGE THAT COMMUNITY BY ITSELF COULD NOT DEAL WITH PROBLEM. WE HAD TO REMEMBER THAT COMUNITY FOREIGN EXCHANGE RESOURCES WERE ESSENTIALLY GERMAN WITH SOME LIMITED POSSIBILITY OF A DUTCH CONTRIBUTION AND THAT AVAILABLE COMMUNITY RESOURCES WOULD IN ALL PROBABILITY BE NEEDED FOR SUPPORT OF NEW ITALIAN ECONOMIC PROGRAM. MOREOVER, THE GERMANS WERE INCREASINGLY CONCERNED WITH THE OUTLOOK FOR THE FRENCH FRANC. I WAS NOT TO BE EXCLUDED THAT AT SOME POINT THERE WOULD BE A COMMUNITY INITIATIVE BUT WERE THAT TO HAPPEN, IT WOULD BE PART OF AN EFFORT TO ENLIST US AND JAPANESE RESOURCES IN SUPPORT OF THE POUND. WHETHER OR NOT SUCH AN EFFORT WOULD CONTEMPLATE FUNDING OF STERLING BALANCES HE COULD NOT SAY.

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2. GUNDELACH ADDED THAT AT FOREIGN MINISTERS MEETING
IN THE HAGUE THIS PAST WEEKEND WHEN BELGIAN PRIME MINISTER
TINDEMANS HAD PROPOSED MAJOR COMMUNITY EFFORT TO GET BEHIND
BRITISH, COMMISSION PRESIDENT ORTOLI HAD HELPED SHOOT
IDEA DOWN ON GROUNDS THAT SUFFICIENT RESOURCES DID NOT
EXIST FOR COMMUNITY TO DO JOB ALONE AND THAT ANY PUBLIC
INDICATION THAT COMMUNITY CONTEMPLATING SUCH EFFORT WOULD
AROUSE UNREALISTIC EXPECTATIONS. HINTON

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Message Attributes

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